
West Bloomfield School District

**Financial Report
with Supplementary Information
June 30, 2023**

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Independent Auditor's Report

To the Board of Education
West Bloomfield School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Bloomfield School District (the "School District") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise West Bloomfield School District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of West Bloomfield School District as of June 30, 2023 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Education
West Bloomfield School District

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Bloomfield School District's basic financial statements. The other supplementary information, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Education
West Bloomfield School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2023 on our consideration of West Bloomfield School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of West Bloomfield School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Bloomfield School District's internal control over financial reporting and compliance.

Plante & Moreau, PLLC

October 18, 2023

This section of West Bloomfield School District's (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2023. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand West Bloomfield School District financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund, the 2023 Capital Projects Fund, and the Debt Fund, with all other funds presented in one column as nonmajor funds. This report is composed of the following elements:

Management's Discussion and Analysis (MD&A) (Required Supplementary Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

Schedule of the School District's Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of the School District's Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

Other Supplementary Information

Reporting the School District as a Whole - Government-wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

West Bloomfield School District

Management's Discussion and Analysis (Continued)

These two statements report the School District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District's Most Significant Funds - Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (such as the Cafeteria, Student Activities, and Community Education funds) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental Funds

All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds (fund level statements) in a reconciliation to help readers understand the differences in accounting methods.

West Bloomfield School District

Management's Discussion and Analysis (Continued)

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2023 and 2022:

	Governmental Activities	
	2023	2022
	(in millions)	
Assets		
Current and other assets	\$ 120.6	\$ 48.4
Capital assets	188.4	193.0
Total assets	309.0	241.4
Deferred Outflows of Resources	56.4	27.2
Liabilities		
Current liabilities	12.8	15.9
Noncurrent liabilities	190.2	120.6
Net pension liability	144.1	88.1
Net OPEB liability	8.1	5.7
Total liabilities	355.2	230.3
Deferred Inflows of Resources	27.8	56.5
Net Position (Deficit)		
Net investment in capital assets	83.6	85.1
Restricted	4.7	2.1
Unrestricted	(105.9)	(105.4)
Total net position (deficit)	<u>\$ (17.6)</u>	<u>\$ (18.2)</u>

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was a deficit of \$17.6 million at June 30, 2023. Net investment in capital assets totaling \$83.6 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position (\$(105.9) million) was unrestricted.

The \$(105.9) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance, when positive, enables the School District to meet working capital and cash flow requirements, as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

West Bloomfield School District

Management's Discussion and Analysis (Continued)

Summary of Activities

	Governmental Activities	
	2023	2022
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 2.8	\$ 2.1
Operating grants	19.5	23.6
General revenue:		
Taxes	27.8	27.4
State aid not restricted to specific purposes	44.1	42.7
Other	3.4	2.0
Total revenue	97.6	97.8
Expenses		
Instruction	53.7	43.4
Support services	33.3	30.7
Athletics	1.2	1.1
Food services	1.7	2.0
Community services	2.4	1.8
Debt service	4.7	4.2
Total expenses	97.0	83.2
Change in Net Position	0.6	14.6
Net Position (Deficit) - Beginning of year	(18.2)	(32.8)
Net Position (Deficit) - End of year	<u><u>\$ (17.6)</u></u>	<u><u>\$ (18.2)</u></u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$97.0 million. Certain activities were partially funded from those who benefited from the programs (\$2.8 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$19.5 million). We paid for the remaining public benefit portion of our governmental activities with \$27.8 million in taxes, \$44.1 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$0.6 million during fiscal year 2023.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. This fund-by-fund breakdown of revenue and expenditures (and related assets and liabilities) helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$109.0 million, which is an increase of \$75.8 million from last year. The primary reason for this change is due to the sale of voter approved bonds in June 2023 (May 2023 election). The School District was in possession of the cash as of year end, which is restricted for use in accordance with the language presented in the voter approved bond for the projects in the upcoming years.

West Bloomfield School District

Management's Discussion and Analysis (Continued)

During the 2022-2023 school year, the School District's General Fund, our principal operating fund, ended the year with excess expenditures over revenue of \$1.8 million, resulting in an ending General Fund fund balance of approximately \$13.4 million, or 17.0 percent of total revenue.

During the 2022-2023 school year, the fund balances of our special revenue funds, which include the Cafeteria, Student Activities, and Community Education funds, increased by approximately \$385,000 primarily due to excess revenue over expenditures of approximately \$326,000 in the Cafeteria Fund. The School District outsources the Cafeteria Fund to Aramark Education, LLC.

During the 2022-2023 school year, fund balance in our Debt Fund increased by approximately \$2.6 million. Annually, debt millage rates are reviewed and revised as necessary to ensure that the School District accumulates sufficient resources to pay annual bond related debt service. The Debt Fund reserves can be used only to pay debt service obligations.

During the 2022-2023 school year, the fund balances of our 2020 Capital Projects Fund and the Sinking Fund decreased by \$3.0 million. This decrease is due to the completion of projects related to the 2020 Capital Projects bond during the year, which included the final costs to complete the West Bloomfield Middle School, which opened to students in August 2022. During the year, the School District also created a new 2023 Capital Projects fund to record the \$70.0 million in new bond proceeds. These proceeds will continue to be used for various capital improvement projects across the District.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2023. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

The General Fund budget was first amended in January 2023 to account for changes in enrollment, the state foundation allowance, grant allocations, and staffing changes to better reflect the latest information since the original budget was developed in spring 2022. Overall, the January 2023 amendment adjusted the General Fund down by \$0.7 million, with the main adjustments coming from state aid, enrollment, and staffing changes. The fiscal year 2022-2023 General Fund budget was amended again in June 2023, which initially showed the School District would add \$1.4 million to fund balance; however, the final budget projections were not in line with the actual expenditures for the year ended June 30, 2023. The required supplementary information provides a look at the budget to actual for the year.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2023, the School District had \$188.4 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, equipment, and leased assets. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately \$4.6 million, or 2.4 percent, from last year.

West Bloomfield School District

Management's Discussion and Analysis (Continued)

	2023	2022
Land	\$ 7,764,664	\$ 7,764,664
Construction in progress	-	59,118,353
Buildings and improvements	240,985,038	179,362,821
Furniture and equipment	34,405,475	32,251,765
Buses and other vehicles	6,812,713	6,530,475
Leased assets - Buildings	504,790	504,790
Financed purchase - Copiers	323,095	323,095
Total capital assets	290,795,775	285,855,963
Less accumulated depreciation and amortization	102,414,505	92,834,788
Total capital assets - Net of accumulated depreciation and amortization	<u>\$ 188,381,270</u>	<u>\$ 193,021,175</u>

This year's additions of \$64.1 million included new school construction, instructional furniture, and equipment related to the new middle school on schedule to open for the 2022-2023 school year as a part of the School District's bond fund. We anticipate capital additions in fiscal year 2023-2024 will be comparable to this year. We present information that is more detailed about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$170.8 million in bonds outstanding versus \$107.8 million in the previous year, a change of 58.4 percent. Those bonds consisted of the following:

	2023	2022
General obligation bonds	\$ 170,775,000	\$ 107,805,000

The School District's general obligation bond rating is A2 with Moody's Investor Service and A with Standard & Poor's. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt of \$170.8 million is significantly below this statutorily imposed limit.

Other obligations include compensated absences, a Sinking Fund loan with a bank, and financed purchases. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2023-2024 fiscal year budget. One of the most important factors is the School District's student count since the state foundation formula product is derived from the blended student count and per pupil foundation allowance. This portion of the School District's General Fund revenue constitutes approximately 76 percent of total General Fund revenue.

The 2023-2024 budget was adopted based on an estimate of the number of students who will enroll in September 2023. Our estimate of 196 fewer pupils in the original fiscal year 2023-2024 budget was based in part on a demographic study of area school aged children. Under state law, the School District cannot assess additional property taxes for general operations, and, as a result, district funding is heavily dependent upon the ability of the State of Michigan to fund local school operations. Once the final student count and related per pupil funding are known, the General Fund will be amended to reflect the most current information.

Since the School District's revenue is heavily dependent on state funding and the health of the State of Michigan's School Aid Fund, the actual revenue received depends on the State of Michigan's ability to collect revenue to fund School Aid Fund appropriations. The 2023-2024 original budget was developed based on an estimated increase of \$438 per pupil. This estimate was developed based on legislative reports available at the time the original budget was developed and from data published from the May 2023 Revenue Consensus Estimating Conference. The actual foundation allowance will not be known until amendments to the School Aid Act are finalized, which was not signed by Governor Whitmer until July 2023, after the original budget was adopted by the Board of Education.

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the West Bloomfield School District Business Office located at 5810 Commerce Road, West Bloomfield, MI 48324 or call 248-865-6430.

West Bloomfield School District

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Cash and investments (Note 4)	\$ 14,156,833
Receivables:	
Other receivables	255,084
Due from other governments	12,456,509
Inventory	20,576
Prepaid costs and other assets	1,154,055
Restricted assets	92,543,815
Capital assets - Net (Note 5)	188,381,270
Total assets	308,968,142
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 7)	14,258
Deferred pension costs (Note 10)	45,422,967
Deferred OPEB costs (Note 10)	11,000,887
Total deferred outflows of resources	56,438,112
Liabilities	
Accounts payable	1,267,782
Accrued liabilities and other	10,701,462
Unearned revenue (Note 2)	850,208
Noncurrent liabilities:	
Due within one year (Note 7)	11,282,028
Due in more than one year (Note 7)	178,896,579
Net pension liability (Note 10)	144,126,729
Net OPEB liability (Note 10)	8,131,207
Total liabilities	355,255,995
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to measurement (Note 10)	10,456,605
Deferred pension cost reductions (Note 10)	677,067
Deferred OPEB cost reductions (Note 10)	16,675,231
Total deferred inflows of resources	27,808,903
Net Position (Deficit)	
Net investment in capital assets	83,553,472
Restricted:	
Debt service	2,683,448
Capital projects	1,975,110
Unrestricted	(105,870,674)
Total net position (deficit)	\$ (17,658,644)

West Bloomfield School District

Statement of Activities

Year Ended June 30, 2023

	Expenses	Program Revenue		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 53,656,225	\$ -	\$ 11,199,672	\$ (42,456,553)
Support services	33,286,648	-	6,750,587	(26,536,061)
Athletics	1,197,186	81,283	-	(1,115,903)
Food services	1,740,894	774,196	1,218,546	251,848
Community services	2,383,145	1,976,340	-	(406,805)
Interest	4,330,516	-	332,812	(3,997,704)
Other debt costs	370,930	-	-	(370,930)
Total primary government	\$ 96,965,544	\$ 2,831,819	\$ 19,501,617	(74,632,108)
General revenue:				
Taxes:				
Property taxes levied for general purposes				11,747,612
Property taxes levied for debt service				13,532,108
Property taxes levied for capital projects				2,555,422
State aid not restricted to specific purposes				44,106,987
Interest and investment earnings				1,170,660
Gain on disposal of capital assets				1,630
Other				2,101,137
Total general revenue				75,215,556
Change in Net Position				583,448
Net Position (Deficit) - Beginning of year				(18,242,092)
Net Position (Deficit) - End of year				\$ (17,658,644)

West Bloomfield School District

Governmental Funds Balance Sheet

June 30, 2023

	General Fund	2023 Capital Projects Fund	Debt Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 4)	\$ 10,430,122	\$ -	\$ -	\$ 3,726,711	\$ 14,156,833
Receivables:					
Other receivables	254,571	-	-	513	255,084
Due from other governments	12,438,121	-	-	18,388	12,456,509
Inventory	-	-	-	20,576	20,576
Prepaid costs and other assets	1,154,055	-	-	-	1,154,055
Restricted assets	-	77,964,029	3,940,149	10,639,637	92,543,815
Total assets	\$ 24,276,869	\$ 77,964,029	\$ 3,940,149	\$ 14,405,825	\$ 120,586,872
Liabilities					
Accounts payable	\$ 651,390	\$ 343,259	\$ 5,417	\$ 267,716	\$ 1,267,782
Accrued liabilities and other	9,450,178	-	-	-	9,450,178
Unearned revenue (Note 2)	753,786	-	-	96,422	850,208
Total liabilities	10,855,354	343,259	5,417	364,138	11,568,168
Fund Balances					
Nonspendable:					
Inventory	-	-	-	20,576	20,576
Prepaid costs	1,154,055	-	-	-	1,154,055
Restricted:					
Debt service	-	-	3,934,732	-	3,934,732
Capital projects	-	77,620,770	-	10,467,565	88,088,335
Food service	-	-	-	2,619,810	2,619,810
Committed - Student activities	-	-	-	933,736	933,736
Assigned - Budgeted use of fund balance in subsequent year	7,326,748	-	-	-	7,326,748
Unassigned	4,940,712	-	-	-	4,940,712
Total fund balances	13,421,515	77,620,770	3,934,732	14,041,687	109,018,704
Total liabilities and fund balances	\$ 24,276,869	\$ 77,964,029	\$ 3,940,149	\$ 14,405,825	\$ 120,586,872

West Bloomfield School District

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2023

Fund Balances Reported in Governmental Funds	\$ 109,018,704
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and lease assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of assets	290,795,775
Accumulated depreciation and amortization	<u>(102,414,505)</u>
Net capital assets and lease assets used in governmental activities	188,381,270
Deferred inflows and outflows related to bond refundings are not reported in the funds	14,258
Bonds payable and lease liabilities are not due and payable in the current period and are not reported in the funds	(188,771,667)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,251,284)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(1,406,940)
Net pension liability and related deferred inflows and outflows	(99,380,829)
Net OPEB liability and related deferred inflows and outflows	(13,805,551)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	<u>(10,456,605)</u>
Net Position (Deficit) of Governmental Activities	<u>\$ (17,658,644)</u>

West Bloomfield School District

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2023

	General Fund	2023 Capital Projects Fund	Debt Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	\$ 13,372,366	\$ 32,190	\$ 13,532,108	\$ 7,002,094	\$ 33,938,758
State sources	57,673,527	-	60,706	81,092	57,815,325
Federal sources	2,679,666	-	332,812	2,139,189	5,151,667
Interdistrict sources	5,185,318	-	-	-	5,185,318
Total revenue	78,910,877	32,190	13,925,626	9,222,375	102,091,068
Expenditures					
Current:					
Instruction	50,672,303	-	-	-	50,672,303
Support services	29,018,990	68,160	-	1,474,039	30,561,189
Athletics	1,253,371	-	-	-	1,253,371
Food services	-	-	-	1,758,459	1,758,459
Community services	422,534	-	-	2,112,245	2,534,779
Debt service: (Note 7)					
Principal	190,737	-	7,060,000	615,000	7,865,737
Interest	19,724	-	4,249,175	75,788	4,344,687
Other debt costs	-	362,407	8,523	-	370,930
Capital outlay	-	93,600	-	4,908,497	5,002,097
Total expenditures	81,577,659	524,167	11,317,698	10,944,028	104,363,552
Excess of Revenue (Under) Over Expenditures	(2,666,782)	(491,977)	2,607,928	(1,721,653)	(2,272,484)
Other Financing Sources (Uses)					
Face value of debt issued	-	70,030,000	-	-	70,030,000
Proceeds from sale of capital assets	1,630	-	-	-	1,630
Premium on debt issued	-	8,082,747	-	-	8,082,747
Transfers in (Note 6)	899,450	-	-	-	899,450
Transfers out (Note 6)	-	-	-	(899,450)	(899,450)
Total other financing sources (uses)	901,080	78,112,747	-	(899,450)	78,114,377
Net Change in Fund Balances	(1,765,702)	77,620,770	2,607,928	(2,621,103)	75,841,893
Fund Balances - Beginning of year	15,187,217	-	1,326,804	16,662,790	33,176,811
Fund Balances - End of year	<u>\$ 13,421,515</u>	<u>\$ 77,620,770</u>	<u>\$ 3,934,732</u>	<u>\$ 14,041,687</u>	<u>\$ 109,018,704</u>

West Bloomfield School District

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2023

Net Change in Fund Balances Reported in Governmental Funds	\$ 75,841,893
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation and amortization:	
Capitalized capital outlay	4,939,812
Depreciation and amortization expense	(9,579,717)
Revenue in support of pension contributions made subsequent to the measurement date	(4,543,706)
Issuing debt and entering into leases provide current financial resources to governmental funds but increase long-term liabilities in the statement of net position	(78,112,747)
Repayment of bond principal and lease liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	8,413,838
Interest expense is recognized in the government-wide statements as it accrues	(533,930)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	4,158,005
Change in Net Position of Governmental Activities	\$ 583,448

June 30, 2023

Note 1 - Nature of Business

West Bloomfield School District (the "School District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. In accordance with governmental accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present schedules reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Expenditures are reported when goods are received or services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the School District's ability to spend resources in the future. Employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs, or sick and vacation pay) are not recorded until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

June 30, 2023**Note 2 - Significant Accounting Policies (Continued)**

Revenue is not recognized until it is collected or will be collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Fund Accounting

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into the following fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The 2023 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for the purchase of buses and building improvements. This fund will operate until the purpose for which it was created is accomplished.
- The Debt Fund is used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Additionally, the School District reports the following nonmajor governmental fund types:

- The Sinking Fund is used to account for construction and repair of buildings that are funded by a specific millage.
- The 2020 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for the purchase of buses and building improvements. This fund will operate until the purpose for which it was created is accomplished.
- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes. The School District's special revenue funds are the Cafeteria, Community Education, and Student Activities funds. Any operating deficit generated by these activities is the responsibility of the General Fund. The main sources of revenue for these funds are food sales to pupils, free/reduced breakfast and lunch reimbursements from federal funds, tuition from community education programs, fundraising revenue, and donations earned and received by student groups.

Interfund Activity

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as amounts due from/to other funds or advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

June 30, 2023

Note 2 - Significant Accounting Policies (Continued)

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Specific Balances and Transactions**Cash and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with maturities of three months or less when acquired. Investments are stated at fair value except for investments in external investment pools, which are valued at amortized cost.

Inventories and Prepaid Costs

Inventories are valued at cost on a first-in, first-out basis. Inventories are accounted for using the consumption method, are recorded as expenditures when consumed rather than when purchased, and include commodities within the Cafeteria Fund. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Restricted Assets

The unspent bond proceeds and related interest of the 2023 and 2020 capital projects bonds, the cash proceeds from the Sinking Fund millage, and cash proceeds from the issuance of a term note for the Sinking Fund are required to be set aside for capital projects. Additionally, the Debt Fund's cash is required to be used for future bond payments. As such, these amounts have been classified as restricted assets.

Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and leased assets (further defined in the lease section below), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets also include leased assets, which the accounting for is further defined in the leases paragraph that follows. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repairs and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

Capital assets are depreciated or amortized using the straight-line method over the following useful lives:

	Depreciable/ Amortizable Life - Years
Buildings and improvements	5 to 50
Furniture and equipment	5 to 10
Buses and other vehicles	5 to 10
Leased assets	5

June 30, 2023**Note 2 - Significant Accounting Policies (Continued)****Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund and Debt Fund are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The School District reports deferred outflows related to the deferred charges for the unfunded pension and OPEB benefit obligation and deferred charges on bond refundings.

In addition to liabilities, the statement of net position and/or balance sheet reports deferred inflows of resources, which represent acquisitions of net position that apply to future periods and will not be recognized as inflows of resources (revenue) until that time.

The School District reports deferred inflows related to revenue in support of pension and OPEB payments made subsequent to the measurement date and deferred pension and OPEB cost reductions.

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of investment in capital assets or restricted.

Net Position Flow Assumption

The School District will sometimes fund outlays for particular purposes from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

June 30, 2023**Note 2 - Significant Accounting Policies (Continued)****Fund Balance Policies**

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Nonspendable fund balance represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for specific purposes. The School District can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the superintendent of schools and the deputy superintendent for business operations to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover differences between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The School District's fund balance policy prescribes the minimum fund balance as 15 percent of expenditures in the General Fund. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year.

Property Tax Revenue

Properties are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1. Taxes are considered to be delinquent on March 1 of the following year. At this time, penalties and interest are assessed, and the total obligation is added to the county tax rolls. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted for specific operating purposes are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

June 30, 2023**Note 2 - Significant Accounting Policies (Continued)****Pension and Other Postemployment Benefit (OPEB) Plans**

For the purpose of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the fiscal year, the School District recorded unearned revenue related to unspent state grants and the over levy of the hold harmless millage totaling \$850,208.

Compensated Absences (Vacation and Sick Leave)

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the School District will pay upon employment termination; vacation pay is accrued when incurred. These amounts are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only upon known employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Leases

The School District is a lessee for noncancelable building lease. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities column in the government-wide financial statements. The School District recognizes lease assets and liabilities with an initial value of \$5,000 or more.

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.

June 30, 2023

Note 2 - Significant Accounting Policies (Continued)

- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets, and lease liabilities are reported with long-term debt on the statement of net position.

Upcoming Accounting Pronouncement

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2025.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 18, 2023, which is the date the financial statements were available to be issued.

Note 3 - Stewardship, Compliance, and Accountability**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds, except that capital outlay is budgeted in other expenditure categories on a functional basis. The actual amounts in the budget-to-actual statement have been presented in the same classification as the budget. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc. are not recorded during the year. Budget appropriations are considered to be spent once goods are delivered or services are rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the School District incurred expenditures in the General Fund that were in excess of the amounts budgeted, as follows:

	Budget	Actual
Instruction - Basic programs	\$ 34,156,295	\$ 39,038,295
Instruction - Adult/Continuing education	142,080	156,380
Total	<u>\$ 34,298,375</u>	<u>\$ 39,194,675</u>

June 30, 2023**Note 3 - Stewardship, Compliance, and Accountability (Continued)*****Capital Projects Fund Compliance***

The 2023 and 2020 Capital Projects funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

The Sinking Fund accounts for capital expenditures funded with the Sinking Fund millage. For these funds, the School District has complied with the applicable provisions of §1212 of the State of Michigan Revised School Code.

Note 4 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits and investments are in accordance with statutory authority.

The School District has designated two banks for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost, except for the School District's investments in the Michigan Liquid Asset Fund Plus - MAX Class fund, which may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State. Redemptions made prior to the applicable 14-day period are subject to penalty equal to 15 days' interest on the amounts redeemed.

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk. At year end, the School District's deposit balance of \$20,477,037 included bank deposits of \$19,977,037 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. There were no investment securities held at June 30, 2023 that were uninsured and unregistered.

Note 4 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices. The School District has no oversight of the investee organizations, and the fair value of the pool approximates the fair value of the shares owned. The School District's investments in the Michigan Liquid Asset Fund are broken out as follows:

Investment	Carrying Value	Rating	Rating Organization
MILAF+ Cash Management Class	\$ 84,151,299	AAAm	S&P
MILAF Plus MAX Class	2,892,567	AAAm	S&P

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. The School District minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. All of the School District's investments are in money market funds and other qualified stable investments.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's investment policy prohibit investments in foreign currency.

June 30, 2023

Note 5 - Capital Assets

Capital asset activity of the School District was as follows:

Governmental Activities

	Balance July 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated or amortized:					
Land	\$ 7,764,664	\$ -	\$ -	\$ -	\$ 7,764,664
Construction in progress	59,118,353	(61,074,007)	1,955,654	-	-
Subtotal	66,883,017	(61,074,007)	1,955,654	-	7,764,664
Capital assets being depreciated or amortized:					
Buildings and improvements	179,362,821	61,074,007	548,210	-	240,985,038
Furniture and equipment	32,251,765	-	2,153,710	-	34,405,475
Buses and other vehicles	6,530,475	-	282,238	-	6,812,713
Financed purchase - Copiers	323,095	-	-	-	323,095
Leased assets - Buildings	504,790	-	-	-	504,790
Subtotal	218,972,946	61,074,007	2,984,158	-	283,031,111
Accumulated depreciation and amortization:					
Buildings and improvements	68,837,357	-	6,372,691	-	75,210,048
Furniture and equipment	19,845,458	-	2,554,790	-	22,400,248
Buses and other vehicles	3,966,541	-	461,420	-	4,427,961
Accumulated amortization - Financed purchase - Copiers	59,234	-	64,619	-	123,853
Accumulated amortization - Leased assets - Buildings	126,198	-	126,197	-	252,395
Subtotal	92,834,788	-	9,579,717	-	102,414,505
Net capital assets being depreciated or amortized	126,138,158	61,074,007	(6,595,559)	-	180,616,606
Net governmental activities capital assets	\$ 193,021,175	\$ -	\$ (4,639,905)	\$ -	\$ 188,381,270

Depreciation and amortization expense was charged to programs of the School District as follows:

Governmental activities:	
Instruction	\$ 5,747,830
Support services	3,831,887
Total governmental activities	\$ 9,579,717

June 30, 2023

Note 6 - Interfund Receivables, Payables, and Transfers

Interfund transfers include transfers between the special revenue funds and the General Fund. Transfers to the General Fund from the Community Education Fund totaled \$819,450 to cover the fund surplus within the special revenue funds, bringing the current year fund balance to \$0. Additionally, there was a transfer of \$80,000 from the Cafeteria Fund to the General Fund, as allowed by federal and state regulation.

Note 7 - Long-term Debt

Long-term debt activity for the year ended June 30, 2023 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and notes payable:					
Direct borrowings - Sinking					
Fund loan	\$ 3,250,000	\$ -	\$ (615,000)	\$ 2,635,000	\$ 635,000
Other debt - General obligation					
bonds payable	107,805,000	70,030,000	(7,060,000)	170,775,000	9,135,000
Unamortized bond premiums	7,400,001	8,082,747	(582,215)	14,900,533	976,272
Total bonds and notes payable	118,455,001	78,112,747	(8,257,215)	188,310,533	10,746,272
Leases (Note 8)	372,116	-	(140,241)	231,875	129,967
Financed purchase - Copier lease	279,755	-	(50,496)	229,259	54,054
Compensated absences	1,464,512	-	(57,572)	1,406,940	351,735
Total governmental activities long-term debt	<u>\$ 120,571,384</u>	<u>\$ 78,112,747</u>	<u>\$ (8,505,524)</u>	<u>\$ 190,178,607</u>	<u>\$ 11,282,028</u>

The School District had deferred outflows of \$14,258 related to deferred charges on bond refundings at June 30, 2023.

Sinking Fund Loan

During the year ended June 30, 2019, the School District borrowed \$5,000,000 from a bank for the purpose of financing certain critical authorized improvements to school facilities that are eligible for payment from the School District's sinking fund millage. The loan matures on June 1, 2027 and requires annual principal payments due on June 1 and semiannual interest payments due on June 1 and December 1 at a 2.30 percent interest rate. The loan is considered a direct borrowing, as the School District has engaged in a loan directly with a bank. The School District has pledged dollars to be collected from its voter-approved Sinking Fund levy as collateral against the required principal and interest payments of the loan.

June 30, 2023

Note 7 - Long-term Debt (Continued)

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition of certain equipment and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. General obligations outstanding at June 30, 2023 are as follows:

	Annual Installments	Interest Rates (Percent)	Maturing	Outstanding
Governmental Activities				
2010 Bond Issue - \$15,000,000 serial nonqualified bonds	\$1,225,000 - \$1,250,000	6.70*	2027	\$ 4,950,000
2016 Refunding Bond Issue - \$8,325,000 serial nonqualified bonds	\$1,310,000	4.00	2024	1,310,000
2017 Bond Issue - \$42,915,000 serial nonqualified bonds	\$2,000,000 - \$3,075,000	5.00	2037	36,350,000
2020 Bond Issue - \$68,710,000 serial nonqualified bonds	\$2,675,000 - \$4,185,000	3.00	2040	58,135,000
2023 Bond Issue - \$70,030,000 serial nonqualified bonds	\$1,000,000 - \$5,965,000	5.00	2043	70,030,000
Total				<u>\$ 170,775,000</u>

*Interest is subsidized up to a maximum of 5.90 percent.

Other Long-term Liabilities

Compensated absences attributable to the governmental activities and lease liabilities will be liquidated primarily by the General Fund.

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities					
	Bonds Payable			Direct Placement Borrowings		
	Principal	Interest	Interest Subsidy	Principal	Interest	Total
2024	\$ 9,135,000	\$ 6,892,696	\$ (262,682)	\$ 635,000	\$ 47,610	\$ 16,447,624
2025	9,025,000	7,036,126	(197,675)	650,000	33,005	16,546,456
2026	7,300,000	6,619,050	(142,500)	665,000	18,055	14,459,605
2027	7,630,000	6,289,800	(71,250)	685,000	2,760	14,536,310
2028	7,315,000	5,945,550	-	-	-	13,260,550
2029-2033	44,185,000	24,631,750	-	-	-	68,816,750
2034-2038	50,370,000	14,415,500	-	-	-	64,785,500
2039-2043	35,815,000	4,663,600	-	-	-	40,478,600
Total	<u>\$ 170,775,000</u>	<u>\$ 76,494,072</u>	<u>\$ (674,107)</u>	<u>\$ 2,635,000</u>	<u>\$ 101,430</u>	<u>\$ 249,331,395</u>

Defeased Debt

In prior years, the School District defeased certain bonds by placing the proceeds of the new bonds into an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account's assets and liabilities of the defeased bonds are not included in the basic financial statements. At June 30, 2023, \$2,975,000 of bonds outstanding is considered defeased.

June 30, 2023

Note 8 - Leases

The School District leases a building from a third party. The assets leased include a building lease for the purpose of having exclusive rights to the parking areas, driveways, sidewalks, and common areas. All lease payments are fixed monthly and do not have any residual value guarantees.

Lease asset activity of the School District is included in Note 5.

Future principal and interest payment requirements related to the School District's lease liability at June 30, 2023 are as follows:

Years Ending	Principal	Interest	Total
2024	\$ 129,967	\$ 8,359	\$ 138,326
2025	101,908	3,011	104,919
Total	<u>\$ 231,875</u>	<u>\$ 11,370</u>	<u>\$ 243,245</u>

Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for property loss, general liability, and medical claims. The School District participates in the SET-SEG shared-risk pool for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. The SET-SEG risk pool operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the service pool that the service pool uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the School District.

Note 10 - Michigan Public School Employees' Retirement System***Plan Description***

The School District participates in the Michigan Public School Employees' Retirement System (the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. Certain school district employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools> or by writing to the Office of Retirement Services at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan and the postemployment health care plan.

June 30, 2023**Note 10 - Michigan Public School Employees' Retirement System (Continued)**

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree health care recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Contributions

Public Act 300 of 1980, as amended, required the School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree health care and keeping the premium subsidy benefit described above or choosing not to pay the 3 percent contribution and, instead, opting out of the subsidy benefit and becoming participants in the Personal Healthcare Fund (PHF), a portable tax-deferred fund that can be used to pay health care expenses in retirement. Participants in the PHF are automatically enrolled in a 2 percent employee contribution into their 457 accounts as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stopped paying the 3 percent contribution to retiree health care as of the day before their transition date, and their prior contributions were deposited into their 401(k) accounts.

June 30, 2023

Note 10 - Michigan Public School Employees' Retirement System (Continued)

The School District's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The School District's required and actual pension contributions to the plan for the year ended June 30, 2023 were \$17,206,283, which include the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$6,608,117 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate, as well as \$3,848,488 of a one-time state payment received and remitted to the System for the purpose of contributing additional assets to the System.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2023 were \$2,859,586, which include the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2023, the School District reported a liability of \$144,126,729 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021, which used update procedures to roll forward the estimated liability to September 30, 2022. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the School District's proportion was 0.38 and 0.37 percent, respectively, representing a change of 2.97 percent.

Net OPEB Liability

At June 30, 2023, the School District reported a liability of \$8,131,207 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2023 was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021, which used update procedures to roll forward the estimated liability to September 30, 2022. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the School District's proportion was 0.38 and 0.37 percent, respectively, representing a change of 2.48 percent.

June 30, 2023

Note 10 - Michigan Public School Employees' Retirement System (Continued)***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For 2023, the School District recognized pension expense of \$18,973,467, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,441,770	\$ (322,252)
Changes in assumptions	24,766,137	-
Net difference between projected and actual earnings on pension plan investments	337,977	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	3,356,855	(354,815)
The School District's contributions to the plan subsequent to the measurement date	15,520,228	-
Total	<u>\$ 45,422,967</u>	<u>\$ (677,067)</u>

The \$10,456,605 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ended June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2024	\$ 8,591,064
2025	6,511,027
2026	5,579,393
2027	8,544,188
Total	<u>\$ 29,225,672</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

June 30, 2023

Note 10 - Michigan Public School Employees' Retirement System (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the School District recognized OPEB recovery of \$2,087,178.

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (15,925,919)
Changes in assumptions	7,247,605	(590,141)
Net difference between projected and actual earnings on OPEB plan investments	635,518	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	974,439	(159,171)
Employer contributions to the plan subsequent to the measurement date	2,143,325	-
Total	<u>\$ 11,000,887</u>	<u>\$ (16,675,231)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2024	\$ (2,797,452)
2025	(2,589,842)
2026	(2,310,440)
2027	(66,349)
2028	(70,721)
Thereafter	17,135
Total	<u>\$ (7,817,669)</u>

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2022 are based on the results of an actuarial valuation as of September 30, 2021 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75 percent
Health care cost trend rate - OPEB	5.25% - 7.75%	
Mortality basis		Year 1 graded to 3.5 percent in year 15, 3.0 percent in year 120
		RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100 percent (retirees: 82 percent for males and 78 percent for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

June 30, 2023

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Assumption changes as a result of an experience study for the periods from 2012 to 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation.

Significant assumption changes since the prior measurement date, September 30, 2021, for the pension and OPEB plans include a decrease in the discount rate used in the September 30, 2022 measurement date by 0.80 percentage points in the pension plan and 0.95 percentage points in the OPEB plan. The investment rate of return used in the September 30, 2022 measurement date decreased by 0.80 percentage points in the pension plan 0.95 percentage points in the OPEB plan. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2021.

Discount Rate

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2022 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2022. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.10 %
Private equity pools	16.00	8.70
International equity pools	15.00	6.70
Fixed-income pools	13.00	(0.20)
Real estate and infrastructure pools	10.00	5.30
Absolute return pools	9.00	2.70
Real return/opportunistic pools	10.00	5.80
Short-term investment pools	2.00	(0.50)
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.2 percent.

June 30, 2023

Note 10 - Michigan Public School Employees' Retirement System (Continued)***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the School District	\$ 190,193,739	\$ 144,126,729	\$ 106,165,438

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB liability of the School District	\$ 13,639,317	\$ 8,131,207	\$ 3,492,694

Sensitivity of the Net OPEB Liability to Changes in the Health care Cost Trend Rate

The following presents the net OPEB liability of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB liability of the School District	\$ 3,404,961	\$ 8,131,207	\$ 13,436,512

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan

At June 30, 2023, the School District reported a payable of \$4,016,129 and \$492,514 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2023.

Required Supplementary Information

West Bloomfield School District**Required Supplementary Information
Budgetary Comparison Schedule
General Fund****Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue				
Local sources	\$ 14,299,937	\$ 13,099,699	\$ 13,372,366	\$ 272,667
State sources	50,381,383	58,062,967	57,673,527	(389,440)
Federal sources	3,600,817	3,835,135	2,679,666	(1,155,469)
Interdistrict sources	5,336,058	5,371,721	5,185,318	(186,403)
Total revenue	73,618,195	80,369,522	78,910,877	(1,458,645)
Expenditures				
Current:				
Instruction:				
Basic programs	32,527,357	34,156,295	39,038,298	4,882,003
Added needs	10,596,670	11,617,271	11,477,625	(139,646)
Adult/Continuing education	548,630	142,080	156,380	14,300
Total instruction	43,672,657	45,915,646	50,672,303	4,756,657
Support services:				
Pupil	6,930,386	7,795,731	6,650,201	(1,145,530)
Instructional staff	4,128,704	4,658,325	4,435,104	(223,221)
General administration	832,409	1,032,310	870,301	(162,009)
School administration	4,609,669	4,437,624	4,615,651	178,027
Business	952,575	1,051,614	950,717	(100,897)
Operations and maintenance	5,245,525	6,298,324	5,608,390	(689,934)
Pupil transportation services	3,510,221	3,539,266	3,176,035	(363,231)
Central	2,761,716	2,823,421	2,712,591	(110,830)
Total support services	28,971,205	31,636,615	29,018,990	(2,617,625)
Athletics and co-curricular activities	1,291,341	1,312,465	1,253,371	(59,094)
Community services and nonpublic school pupils	324,367	384,204	422,534	38,330
Debt service	72,697	72,697	210,461	137,764
Total expenditures	74,332,267	79,321,627	81,577,659	2,256,032
Excess of Revenue (Under) Over Expenditures	(714,072)	1,047,895	(2,666,782)	(3,714,677)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	1,630	1,630
Transfers in	40,000	440,000	899,450	459,450
Transfers out	(1,961)	-	-	-
Total other financing sources	38,039	440,000	901,080	461,080
Net Change in Fund Balance	(676,033)	1,487,895	(1,765,702)	(3,253,597)
Fund Balance - Beginning of year	15,187,217	15,187,217	15,187,217	-
Fund Balance - End of year	<u>\$ 14,511,184</u>	<u>\$ 16,675,112</u>	<u>\$ 13,421,515</u>	<u>\$ (3,253,597)</u>

West Bloomfield School District

Required Supplementary Information Schedule of the School District's Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System

	Last Nine Plan Years								
	Plan Years Ended September 30								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.38323 %	0.37216 %	0.36805 %	0.39892 %	0.36343 %	0.35582 %	0.36392 %	0.38179 %	0.40526 %
School District's proportionate share of the net pension liability	\$ 144,126,729	\$ 88,110,768	\$ 126,428,334	\$ 122,173,092	\$ 109,252,452	\$ 92,209,081	\$ 90,795,798	\$ 93,251,748	\$ 89,264,167
School District's covered payroll	\$ 37,333,568	\$ 33,871,056	\$ 32,688,786	\$ 32,150,589	\$ 31,453,597	\$ 29,693,733	\$ 30,006,650	\$ 31,726,461	\$ 33,131,808
School District's proportionate share of the net pension liability as a percentage of its covered payroll	386.05 %	260.14 %	386.76 %	380.00 %	347.34 %	310.53 %	302.59 %	293.92 %	269.42 %
Plan fiduciary net position as a percentage of total pension liability	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.15 %

West Bloomfield School District

Required Supplementary Information Schedule of Pension Contributions Michigan Public School Employees' Retirement System

	Last Nine Fiscal Years Years Ended June 30								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 17,206,283	\$ 12,470,545	\$ 10,767,136	\$ 10,120,528	\$ 9,735,253	\$ 8,941,001	\$ 8,631,430	\$ 8,534,354	\$ 6,948,586
Contributions in relation to the statutorily required contribution	17,206,283	12,470,545	10,767,136	10,120,528	9,735,253	8,941,001	8,631,430	8,534,354	6,948,586
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 36,381,502	\$ 35,545,206	\$ 32,963,984	\$ 32,721,784	\$ 31,971,237	\$ 29,776,265	\$ 31,203,571	\$ 30,032,324	\$ 30,727,559
Contributions as a Percentage of Covered Payroll	47.29 %	35.08 %	32.66 %	30.93 %	30.45 %	30.03 %	27.66 %	28.42 %	22.61 %

West Bloomfield School District

Required Supplementary Information Schedule of the School District's Proportionate Share of the Net OPEB Liability Michigan Public School Employees' Retirement System

	Last Six Plan Years					
	Plan Years Ended September 30					
	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB liability	0.38390 %	0.37461 %	0.36868 %	0.36800 %	0.37001 %	0.35530 %
School District's proportionate share of the net OPEB liability	\$ 8,131,207	\$ 5,717,924	\$ 19,751,407	\$ 26,414,114	\$ 29,412,219	\$ 31,463,232
School District's covered payroll	\$ 37,333,568	\$ 33,871,056	\$ 32,688,786	\$ 32,150,589	\$ 31,453,597	\$ 29,693,733
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	21.78 %	16.88 %	60.42 %	82.16 %	93.51 %	105.96 %
Plan fiduciary net position as a percentage of total OPEB liability	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

West Bloomfield School District

Required Supplementary Information Schedule of OPEB Contributions Michigan Public School Employees' Retirement System

	Last Six Fiscal Years Years Ended June 30					
	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 2,859,586	\$ 2,829,398	\$ 2,686,977	\$ 2,618,397	\$ 2,503,907	\$ 2,145,603
Contributions in relation to the statutorily required contribution	2,859,586	2,829,398	2,686,977	2,618,397	2,503,907	2,145,603
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 36,381,502	\$ 35,545,206	\$ 32,963,984	\$ 32,721,784	\$ 31,971,237	\$ 29,776,265
Contributions as a Percentage of Covered Payroll	7.86 %	7.96 %	8.15 %	8.00 %	7.83 %	7.21 %

June 30, 2023

Pension Information

Ultimately, 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

The required contributions for the year ended June 30, 2023 include a one-time contribution of \$3,848,488, referred to as 147c(2), related to funding received from the State and remitted to the System for the purpose of contributing additional assets to the System.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

OPEB Information

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.9 percentage points. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 0.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2020 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.

June 30, 2023

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Other Supplementary Information

West Bloomfield School District

Other Supplementary Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2023

	Special Revenue Funds			Capital Project Funds		
	Cafeteria	Student Activities	Community Education	Sinking Fund	2020 Capital Projects Fund	Total
Assets						
Cash and investments	\$ 2,750,361	\$ 944,117	\$ 32,233	\$ -	\$ -	\$ 3,726,711
Receivables	17,431	1,200	270	-	-	18,901
Inventory	20,576	-	-	-	-	20,576
Restricted assets	-	-	-	2,211,518	8,428,119	10,639,637
Total assets	\$ 2,788,368	\$ 945,317	\$ 32,503	\$ 2,211,518	\$ 8,428,119	\$ 14,405,825
Liabilities						
Accounts payable	\$ 82,841	\$ 11,581	\$ 1,222	\$ 27,904	\$ 144,168	\$ 267,716
Unearned revenue	65,141	-	31,281	-	-	96,422
Total liabilities	147,982	11,581	32,503	27,904	144,168	364,138
Fund Balances						
Nonspendable - Inventory	20,576	-	-	-	-	20,576
Restricted:						
Capital projects	-	-	-	2,183,614	8,283,951	10,467,565
Food service	2,619,810	-	-	-	-	2,619,810
Committed - Student activities	-	933,736	-	-	-	933,736
Total fund balances	2,640,386	933,736	-	2,183,614	8,283,951	14,041,687
Total liabilities and fund balances	\$ 2,788,368	\$ 945,317	\$ 32,503	\$ 2,211,518	\$ 8,428,119	\$ 14,405,825

West Bloomfield School District

Other Supplementary Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

Year Ended June 30, 2023

	Special Revenue Funds			Capital Project Funds		
	Cafeteria	Student Activities	Community Education	Sinking Fund	2020 Capital Projects Fund	Total
Revenue						
Local sources	\$ 854,637	\$ 1,085,458	\$ 2,085,962	\$ 2,570,594	\$ 405,443	\$ 7,002,094
State sources	81,092	-	-	-	-	81,092
Federal sources	1,293,456	-	845,733	-	-	2,139,189
Total revenue	2,229,185	1,085,458	2,931,695	2,570,594	405,443	9,222,375
Expenditures						
Current:						
Support services	-	1,026,210	-	369,084	78,745	1,474,039
Food services	1,758,459	-	-	-	-	1,758,459
Community services	-	-	2,112,245	-	-	2,112,245
Debt service:						
Principal	-	-	-	615,000	-	615,000
Interest	-	-	-	75,788	-	75,788
Capital outlay	64,097	-	-	132,609	4,711,791	4,908,497
Total expenditures	1,822,556	1,026,210	2,112,245	1,192,481	4,790,536	10,944,028
Excess of Revenue Over (Under) Expenditures	406,629	59,248	819,450	1,378,113	(4,385,093)	(1,721,653)
Other Financing Uses - Transfers out	(80,000)	-	(819,450)	-	-	(899,450)
Net Change in Fund Balances	326,629	59,248	-	1,378,113	(4,385,093)	(2,621,103)
Fund Balances - Beginning of year	2,313,757	874,488	-	805,501	12,669,044	16,662,790
Fund Balances - End of year	<u>\$ 2,640,386</u>	<u>\$ 933,736</u>	<u>\$ -</u>	<u>\$ 2,183,614</u>	<u>\$ 8,283,951</u>	<u>\$ 14,041,687</u>

West Bloomfield School District

Other Supplementary Information Schedule of Bonded Indebtedness

June 30, 2023

Years Ending June 30	2010 Bond	2016 Refunding	2017 Bond	2020 Bond	2023 Bond	Total
	Principal	Principal	Principal	Principal	Principal	
2024	\$ 1,225,000	\$ 1,310,000	\$ 2,000,000	\$ 2,675,000	\$ 1,925,000	\$ 9,135,000
2025	1,225,000	-	2,100,000	2,750,000	2,950,000	9,025,000
2026	1,250,000	-	2,200,000	2,850,000	1,000,000	7,300,000
2027	1,250,000	-	2,300,000	2,925,000	1,155,000	7,630,000
2028	-	-	2,400,000	3,025,000	1,890,000	7,315,000
2029	-	-	2,500,000	3,100,000	2,465,000	8,065,000
2030	-	-	2,600,000	3,175,000	2,495,000	8,270,000
2031	-	-	2,675,000	3,300,000	2,915,000	8,890,000
2032	-	-	2,750,000	3,400,000	3,165,000	9,315,000
2033	-	-	2,825,000	3,500,000	3,320,000	9,645,000
2034	-	-	2,900,000	3,600,000	3,445,000	9,945,000
2035	-	-	2,975,000	3,700,000	3,580,000	10,255,000
2036	-	-	3,050,000	3,825,000	3,715,000	10,590,000
2037	-	-	3,075,000	3,925,000	3,850,000	10,850,000
2038	-	-	-	4,050,000	4,680,000	8,730,000
2039	-	-	-	4,150,000	4,810,000	8,960,000
2040	-	-	-	4,185,000	4,940,000	9,125,000
2041	-	-	-	-	5,815,000	5,815,000
2042	-	-	-	-	5,950,000	5,950,000
2043	-	-	-	-	5,965,000	5,965,000
Total remaining payments	<u>\$ 4,950,000</u>	<u>\$ 1,310,000</u>	<u>\$ 36,350,000</u>	<u>\$ 58,135,000</u>	<u>\$ 70,030,000</u>	<u>\$ 170,775,000</u>
Interest rate	6.70%	4.00%	5.00%	3.00%	5.00%	
Original issue	<u>\$ 15,000,000</u>	<u>\$ 8,325,000</u>	<u>\$ 42,915,000</u>	<u>\$ 68,710,000</u>	<u>\$ 70,030,000</u>	<u>\$ 204,980,000</u>

Principal payments for the bond issues are due on May 1 of each year.

Interest payments for the bond issues are due on May 1 and November 1 of each year.